

**ORDER OF BUSINESS**

**BOARD OF ADMINISTRATION**

**INVESTMENT COMMITTEE**

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**JUNE 15, 1998**

PLACE: Lincoln Plaza Building  
400 P Street, Auditorium  
Sacramento, California

TIME:	<b>CLOSED SESSION (8:30 a.m.)</b>	<b>Chief Investment Officer's Briefing on Market &amp; Personnel Issues</b>
	<b>CLOSED SESSION (9:30 a.m.)</b>	<b>or upon adjournment of the 8:30 a.m. Closed Session, whichever is later</b>
	<b>OPEN SESSION (10:30 a.m.)</b>	<b>or upon adjournment of Closed Session, whichever is later</b>

ROLL  
CALL: Committee Members

Charles Valdes, Chair  
William Crist, Vice Chair  
Ronald Alvarado  
Robert Carlson  
Thomas Clark  
Kathleen Connell  
Michael Flaherman  
Matt Fong  
Mike Quevedo, Jr.  
William Rosenberg  
Kurato Shimada  
Joseph Thomas  
David Tirapelle

**INVESTMENT COMMITTEE**  
**JUNE 15, 1998**

**CLOSED  
SESSION  
(8:30 a.m.)**

CHIEF INVESTMENT OFFICER'S BRIEFING ON  
MARKET AND PERSONNEL ISSUES

(Gov. Code sec. 11126(a)(1) and (c)(16).)

**CLOSED  
SESSION  
(9:30 a.m.)**

(Gov. Code sec. 11126(c)(16).)

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|---------------------|---|--|
|                     | 1.  | CALL TO ORDER AND ROLL CALL  |
| ACTION              | 2.  | Approval of the May 18, 1998 Closed Session Minutes  |
| ACTION/INFO         | 3.  | Real Estate  |
| ACTION/INFO         | 4.  | Alternative Investment Management (AIM)<br>Program <ul style="list-style-type: none"><li>a. Partnership Component</li><li>b. Direct Component</li></ul>  |
| INFORMATION         | 5.  | NASDAQ Litigation<br>Gov. Code sec. 11126(e)(2)(A)   |
| ACTION/INFO         | 6.  | Quarterly Probation/Watchlist Activity Report  |
| INFORMATION         | 7.  | Chief Investment Officer's/Assistant<br>Executive Officer's Report <ul style="list-style-type: none"><li>a. Projected Cash Flow</li></ul>  |
| CONSENT             | 8.  | Activity Reports <ul style="list-style-type: none"><li>a. Real Estate Equity Transaction Report</li><li>b. Alternative Investment Management (AIM) Program -<br/>Partnership Component</li><li>c. Alternative Investment Management (AIM) Program -<br/>Direct Component</li></ul> |
| <b>OPEN SESSION</b> | <b>10:30 a.m. (or upon adjournment of Closed Session, whichever<br/>is later)</b> |  |
|                     | 9.  | CALL TO ORDER & ROLL CALL  |
| ACTION              | 10.   | Approval of the May 18, 1998 Open Session Minutes  |

INFORMATION INFORMATION	11.	Real Estate <ul style="list-style-type: none"> <li>a. Real Estate Strategic Plan - Timber Sector</li> <li>b. Retail Request for Proposal (RFP) Update</li> </ul>
ACTION	12.	General Pension Consultant Services - Request for Proposal (RFP)
ACTION INFORMATION INFORMATION INFORMATION INFORMATION	13.	Alternative Investment Management (AIM) Program - <ul style="list-style-type: none"> <li>a. Partnership Component <ul style="list-style-type: none"> <li>1. Fenway Partners Capital Fund II, L.P.</li> </ul> </li> <li>b. Direct Component</li> <li>c. Merchant Bank Concept Analysis</li> <li>d. Venture Capital Vehicle Update</li> <li>e. Alternative Investment Management (AIM) Workshop Summary</li> </ul>
ACTION	14.	Securities Lending Program <ul style="list-style-type: none"> <li>a. Annual Review</li> <li>b. Contract Extension and Request for Proposal (RFP) Authorization</li> </ul>
ACTION	15.	Strategy to Reduce Cash Exposure
ACTION Information  (Second Reading) (Second Reading) (Second Reading) (First Reading)  (First Reading) Information	16.	Policy Subcommittee Report <ul style="list-style-type: none"> <li>a. May 29, 1998 Policy Subcommittee Meeting Summary</li> <li>b. Approval of the Statement of Objectives and Policy for International Real Estate Investment</li> <li>c. Approval of the Statement of Equity Real Estate Accounting Policy</li> <li>d. Approval of the Statement of Core Industrial Real Estate Investment Policy</li> <li>e. Approval of the Statement of Internally Managed Dynamic Completion Fund Policy, Guidelines and Procedures</li> <li>f. Statement of Equity Real Estate Leverage Policy</li> <li>g. Proposed Agenda for June 12, 1998 Policy Subcommittee Meeting</li> </ul>
INFORMATION	17.	Chief Investment Officer/Assistant Executive Officer's Report <ul style="list-style-type: none"> <li>a. Asset Allocation</li> <li>b. Cash Flow</li> <li>c. Status Report</li> <li>d. Report on Closed Session Items</li> </ul>

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|-------------|-----|--|
| CONSENT     | 18. | Quarterly Performance Reports <ul style="list-style-type: none"><li>a. CalPERS Quarterly Report of Investment Performance</li><li>b. Legislators' Retirement System Quarterly Performance Report</li><li>c. Deferred Compensation Program - Quarterly Report of Investment Performance</li><li>d. Policy Guidelines - Internally Managed Equity Index Fund</li></ul>   |
| CONSENT     | 19. | Activity Reports <ul style="list-style-type: none"><li>a. Alternative Investment Management (AIM) Program - Partnership Component</li><li>b. Alternative Investment Management (AIM) Program - Direct Component</li></ul>  |
| CONSENT     | 20. | Investment Transactions <ul style="list-style-type: none"><li>A. Public Employees' Retirement Fund<ul style="list-style-type: none"><li>1. Portfolio Summary and Transactions</li><li>2. Alternative Investment Management (AIM) Program Transactions</li><li>3. Internally Managed Fixed Income Transactions</li><li>4. Real Estate Equity Transactions</li><li>5. Summary of Special Investment Transactions</li><li>6. Equity Transactions<ul style="list-style-type: none"><li>(a) External Management</li><li>(b) Internal Management</li></ul></li><li>7. International Transactions</li><li>8. Convertible Security Transactions</li><li>9. Corporate Actions</li></ul></li><li>B. Legislators' Retirement Fund</li><li>C. Judges' Retirement Fund</li><li>D. Public Employees' Medical &amp; Hospital Care Act Contingency Reserve Fund</li><li>E. Volunteer Firefighters Length of Service Award Fund</li></ul> |
| INFORMATION | 21. | Draft Agenda for August 17, 1998   |
|             | 22. | Public Comment   |

Note: Items designated for information are appropriate for Board/Committee action if the Board/Committee wishes to take action. Any agenda item from a properly noticed Subcommittee meeting held immediately prior to this meeting may be reported on or presented to the Investment Committee for its consideration.